



Foreign Agricultural Service

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## **Yugoslavia**

### **Grain and Feed**

### **Major Grains Update - Revised**

## **2002**

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#### **Report Highlights:**

USDA's Agricultural Affairs Office estimates that Serbia's winter wheat crop will total about 2.2 million metric tons (MTs) for marketing year (MY) 2002, about 20% less than in MY 2001.

The MY 2002 winter barley crop is also estimated to be 20% less compared to last year and 20 percent less than the initial forecast 300,000 tons. Our current production estimate for the MY 2002 barley crop is 240,000 MTs.

Planting of corn on 1.2 million hectares (HA) was completed by mid-May. The prospects for the corn crop improved significantly after the rains in the first two weeks of June. Due to drought earlier in the year, however, the corn crop matured slowly, so harvest is expected to be delayed for 2-3 weeks (in November). If average levels of precipitation occur in July and August, a record crop may be expected.

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Includes PSD changes: No  
Includes Trade Matrix: No  
Unscheduled Report  
Sofia [BU1], YI

## Winter Wheat

USDA's Agricultural Affairs Office estimates Serbia's winter wheat crop at 2.2 million MTs, about 20 percent lower than MY 2001. This year's harvest of winter wheat in Serbia will start 20 days before the usual time of harvesting (usually the end of June and beginning of July). Expected yields will be one of the lowest for the past ten years. Instead of the forecasted 2.5 million MTs of wheat, USDA's Agricultural Affairs Office estimates that wheat production will fall to 2.2 million MTs for the marketing year, 100,000 MTs lower than in MY 2001.

According to June 2002 official data, winter wheat plantings totalled 750,000 HA for harvest in MY 2002, 100,000 HA more than in MY 2001. Extremely low temperatures at the beginning of winter, without snow, poor spring weather, late frosts in April, drought from February to June, and high temperatures in early spring left Serbian cropland very dry. The estimated average yield for the MY 2002 winter wheat crop of 2.9 MTs/HA is one of the lowest in the last ten years.

The Serbian Republican Commodity Reserves announced purchases of 550,000 metric tons of this year's wheat crop, of which 300,000 MTs will be with cash, 150,000 Mts for payment in-kind (fuel and fertilizers), while the rest will be sold on the free market throughout the year. The Serbian Government announced a price of 8 din/kg (\$125/MT ex-farm) for wheat of first class and 7 dinars/kg (\$109/MT ex-farm) for wheat of second class quality, to be paid in 60 days. In Serbia there are 1.1 million farms producing different grains (mainly wheat and corn) but a very small number have storing capacity, or are equipped with a quality control system. For MY 2002, the Serbian Government for first time developed a system to classify wheat prices depending on wheat quality. The system has been difficult to introduce, however, due to the lack of storage facilities and an quality control problems.

Of the 750,000 HA planted to winter wheat, almost 25 percent was hit by spring drought, particularly in the Banat region (East Vojvodina) and part of Backa (West Vojvodina). The worst hit area was in Banat (Kikinda), where wheat crop was reduced by 60-70 percent from the average production in this region. There wheat plants have not reached regular height due to the lack of soil moisture. West Vojvodina (Stig and Pomoravlje) fared better—some areas are expected to yield the same as last year's average of 3.15 MT/HA.

Wheat prices in neighbouring Hungary have increased in the last month, averaging \$97/MT in inland storage, while wheat traded in Serbia is 6.70 din/kg (\$105/MT). Export prices are lower, averaging \$82-83/MT. This week (06/17/02) 1,000 MTs of the new wheat crop was offered on the Serbian market, with delivery date July 15<sup>th</sup>, 2002 and price of 5.70 din/MT (\$89/MT).

217,000 MTs of wheat from the last year's crop (MY 2001) were exported from FRY during April and May 2002 for price FOB Novi Sad for \$80-83/MT, plus transportation costs, to Port of Bar or from Danube Ports to Port Constanza.

## Winter Barley

According to official figures, MY 2002 winter barley was planted on 120,000 HA. A very cold and dry weather with high temperatures during the spring had a severe impact on the winter barley crop. Estimated production of barley in MY2002 is 240,000 MT, which is 20 percent lower than the original forecast of 300,000 MTs, and 20 percent lower than last year's. Estimated average yield this year is only 2.0 MT/HA, compared to the MY 2001 yield of 2.5 MT/HA. Current barley prices in Serbia average between 5.9 din/kg (\$92/MT) and 6.2 din/kg (\$97/MT) ex Silo. As was the case with wheat, the most severely damaged barley production was in Banat (East Vojvodina), where in some parts the crop was reduced by 60-70%.

## Corn

Planting of commercial corn was completed by mid May in Vojvodina and Serbia. Corn was planted this year on an estimated 1,200,000 HA. In spite of dry weather and lack of soil moisture, corn is currently growing normally, except in some parts of Banat (East Vojvodina) where some damage of corn sprouting was reported. Crop conditions have significantly improved as a result of the rainy weather in the first two weeks of June. Due to MY 2002 spring drought, however, the crop is delayed and harvest is expected to begin 2-3 weeks later than normal (in November). If weather in July and August is with normal temperatures and rain, Serbian agricultural experts are predicting record corn production this year. Corn was formed completely and after two weeks of rain in June it looks excellent.

Local stocks of corn from the MY 2001 crop are thinning out, while demand and thus prices are rising in the domestic market. Domestic prices are averaging from 6.9 din/kg (\$105/MT) Ex Silo to 6.8 din/kg (\$110/MT), which is higher than in Hungary (\$94/MT), also Ex silo. Due to the steep increases in corn prices, the Republic Commodity Reserves intervened and released this week (06/17/02) 1,000 MTs of corn, sold through Novi Sad Commodity Exchange 6 din/kg (\$94/MT). After the intervention, price stopped increasing.

## Forage Crops

Alfalfa plantings cover 193,000 HA in Serbia, with estimated production of 3 million MTs and with an average annual yield of 15 to 17 MT/HA. Some localized damage to alfalfa fields was reported in East Vojvodina (Banat) due to spring drought. MY 2002 clover production will be 800,000 Mt. It was planted on 100,000 HA with average yield of 7 MT/HA. Production of legumes is decreased due to the spring drought and it is expected for 1.5 million MT total.